



A systematic review of literature of digital payment in India

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Abstract: Digital payments refer to financial transactions that are conducted electronically through various digital platforms. These payments are made using digital devices like smartphones, computers, or cards, and they involve transferring funds from one account to another without the need for physical cash. Digital payments have become increasingly popular due to their convenience, speed, and efficiency. This systematic review examines the implementation & impact of digital payment systems in India. India's digital payment ecosystem has rapidly transformed, driven by government initiatives such as demonetization, digital India, & the unified payments interface (UPI).

Key Words: Digital payment, digital devices, Unified Payments Interface.

1. INTRODUCTION:

Digital payments refer to financial transactions that are conducted electronically, typically using online platforms, mobile apps or other digital means instead of physical cash or cheque. These transactions can include purchases made online, transfers between bank accounts, wallet payments and peer to peer transfers. Digital payments offer convenience, speed and often enhanced security compared to traditional payment methods, making them increasingly popular in today's digital age.

2. CHARACTERISTICS OF DIGITAL PAYMENTS:

1. **Convenience** :Digital payments offer a high level of convenience as they can be made anytime and anywhere with an internet connection, eliminating the need for physical presence or cash handling.
2. **Speed** :Transactions through digital payment methods are typically processed much faster compared to traditional methods like cheque or bank transfers, enabling quick transfer of funds between parties.
3. **Accessibility** :Digital payment systems are accessible to a wide range of users, including individuals, businesses, and organisations, regardless of their location, as long as they have access to the necessary technology and infrastructure.
4. **Security**: Many digital payment systems incorporate advanced security measures such as encryption, authentication protocols and fraud detection systems to protect users financial information and prevent unauthorized access or fraudulent activities.
5. **Cost-effectiveness**: Digital payment can be more cost-effective than traditional methods, as they often involve lower transaction fees, reduced paperwork and streamlined processes, resulting in savings for both consumers and businesses.
6. **Integration**: Digital payment systems platforms can easily integrate with other digital services and applications, allowing for seamless transactions and enhanced user experiences across various online platforms and devices.
7. **Scalability**: Digital payment systems have the capability to handle a large volume of transactions simultaneously, making them scalable to accommodate growing user demands and business needs.
8. **Traceability**: Digital payments leave a digital trail, providing a transparent record of transactions that can be easily tracked and monitored by users, financial institutions and regulatory authorities for auditing, compliance and dispute resolution purposes.

These characteristics contribute to the widespread adoption and popularity of digital payments in today's digital economy.



Types of digital Payments in India:

1. **Banking Cards:** Indians widely use banking cards, debit/credit cards, or prepaid cards as an alternative to cash payments. In 1981, the Andhra Bank launched the first credit card in India.
2. **Unstructured Supplementary service Data (USSD):** The unstructured supplementary service data (USSD) was launched for those sections of India's population which do not have access to proper banking and internet facilities. Under the USSD, mobile banking transactions are possible without an internet connection by dialing *99# on any essential feature phone.
3. **Aadhaar Enabled Payment System (AEPS):** The Aadhaar Enabled Payment System (AEPS) is a bank-led model for digital payments initiated to leverage the presence and reach of Aadhaar. Under this system, customers can use their Aadhaar-linked accounts to transfer money between two Aadhaar-linked bank accounts. According to data from the National Payments Corporation of India (NPCI), the AEPS had crossed transactions over 205 million till Feb 2020.
4. **Unified Payments Interface (UPI):** The UPI is a system that culminates numerous bank accounts into a single application, allowing money transfers between parties. Compared to NEFT, RTGS, IMPS, the UPI is considered a well-defined and standardized process across banks. You can use UPI to initiate a bank transfer anywhere in just a few clicks.
5. **Mobile Wallets:** As the name suggests, mobile wallets are a type of wallet where you can carry cash in a digital format. Often customers link their bank accounts or banking cards to their wallets to facilitate secure digital transactions. Another way to use wallets is to add money to the mobile wallet and use the balance to transfer money. You can also check out the digital wallets guide, for necessary details and clarify confusions, if any. Some popularly used ones include phonepe, Freecharge, G-Pay, Mobiwik, mRupee, Vodafone M-pesa, Airtel money, Jio Money, SBI Buddy, ICICI Pockets etc.
6. **Bank Prepaid Cards:** A bank prepaid card is a pre-loaded debit card issued by a bank, usually meant for single use or can be reloaded for multiple uses. It is different from a standard debit card because the latter is always linked to your bank account and can be used numerous times. This may or may not apply to a prepaid bank card.
7. **PoS Terminals:** the PoS is the location or segment of a sale. These terminals were considered checkout counters in malls and stores where payments were made for a long time. The most common types of PoS machine is for debit and credit cards, where customers can make payments by simply swiping the card and entering the PIN(Personal Identification Number).
8. **Internet Banking:** Internet banking also known as e banking or online banking, allows the customers of a particular bank to make transactions and conduct other financial activities via the bank's website. It requires a steady internet connection to make receive payments and access a bank's website called Internet banking.
9. **Mobile Banking:** Mobile banking refers to conducting transactions and other activities via mobile devices, typically through the bank's mobile application (app). Today most banks have mobile banking apps that can be used on handled devices like mobile phones and tablets and some-times on computers.
10. **Micro ATMs:** A micro ATM is a BC device to deliver essential banking services. These correspondents, who could be local store owners, will serve as a 'micro ATM' to conduct instant transactions. They will use a device that will let you transfer money via your Aadhaar linked bank account by merely authenticating your fingerprint.

2. REVIEW OF LITERATURE:

Vally & Divya(2018) stated that a study on Digital Payments in India with perspective of consumers adoption from the objectives of the study was to examine the age of respondents impact on digital payments, analyze the impact of customers education and customer income usage of digital payments. The data used for the study was primary drawn from the convenience sampling. They have collected data through structured questionnaire and they analyzed by using the simple percentage analysis and chi square test have been taken for the study. The finding of study the effect of adopting digital payments impact on banking sector by consumer in India. The results gives important policy that our country to increase cashless payments. The study gives percentage of awareness on maximum utilization of technology bank should take effective measures in creating awareness towards the effective usage of technology and security.

Pandey, 2022, stated that "a study on Digital Payments system and consumer Perception: An Empirical Survey". The objective of the study was examine digital payment system of India and understand various modes of digital payment in Indian Banking Industry before after pandemic and to understand the impact of user perception, payment systems of trust and experience of online fraud on the choice of mode of payments. The data used for the study primary data as well as secondary data collected from various articles, research papers and RBI websites. They collected data through questionnaire of 10 questions and 6 sub questions were designed to collect data. The finding of study all government,



regulator, services provides work together to improve payment systems and related infrastructure. The impact of fraud on digital options varies depending on the purpose of the transaction. The adoption of digital payments is expected to increase based on the general socio-economic development of the people. Although the data collection comes from a geographically diverse group of respondents, it is still limited to a certain segment of the population. Data was collected using random sampling therefore it only includes respondents willing to complete the survey online various central banks around the world conduct payments log surveys to assess useful variables at the individual level and observe their impact on payment behaviour. In the future, such surveys may be continued with a larger sample and in a more structured manner.

Leebana Gracy I, 2024, Stated the “A Study on Digital Payments and users experience”. The Objectives of the study are the relationship between age usage of digital payments, analyze the factors that influences digital payments, explore the problems faced by users, understand the awareness of using digital payment application assess the user satisfaction level. The purpose of the study was primary data which was collected from respondents belonging to different age group, gender, occupation etc., and used secondary data like research articles, journals, and magazine. The sample size 50 around people Bangalore for the purpose of this study. The analysis tools were used Regression statistical tool was used for analyzing the primary data collected, with the use of SPSS software. The Findings of the study is the factor influence the use of digital payments is convenience which 23/60 respondents have opted, access to technology 19/60 response. The major problem faced digital payment is technical issue for which 42 out of 60 has responded. Highly used application for digital payment is Google pay 50% of respondents have opted i.e., 30/60 and secondly stands Phonepe 21/60 respondent. The 41 out 60 respondents are highly satisfied using digital payment method.

Jacob Kurian, 2022 stated that a “study on India Digital payments and their impact on consumers”. The objective of the study to investigate the impact of respondents age on digital payments, examine the effect of customer education on digital payment usage, investigate the impact of a customer’s income status on their use of digital. The study is being carried out data collection structured questionnaire used, simple percentage, chi square were used. Secondary Primary data were used in this methodology. The finding of the data was acquired from Bangalore based sample. The survey goal was to check customers opinions about digital payment in relation to the concept of general banking. It shows that deploying technology for digital payments has enhanced the banking sectors performance and made it possible to accomplish goal of a cashless society.

Martina &selvi, 2017 stated an overview on Digital Payments the objective of the study to explore the various modes of digital payment transaction that is offered by various financial institutions, the extent of operations of digital payments while dealing with online transactions and offer suitable suggestions in handing digital payments as easy and convenient one. The study is based on secondary data the materials were used books, journal, newspaper and websites. The finding of the study Government ensure that the operation of digital payment transaction free from transaction cost which help to customer to purchase, it could give concession to the retailers, merchants who sell the product and services via digital mode, traning programmes could be organized by the government to train people to use of digital payments, Government can give continuous media coverage through TV news, radio or social networking about the benefits of digital payments to the society.

Dr. Vatsal Patel, 2021 stated that “a study of impact of covid 19 on digital payments in India” the objectives of the study to know the importance of digital payments in pandemic, study modes of online payments, compare and analyze present with previous year data of Digital payment, to know the usage of digital payments, highlights the issues of digital payment systems. The data is collected in form of conclusive study and it has followed secondary methodology. The finding of the study is safety measures using more, after covid 19 every single shop adopted the digital payment system for the receiving and paying the money, it encouraged and urged customers and all service providers of critical services to move to digital payment systems in order to remain secure, digitization of the banking sector is bound to satisfy the increasing expectations of the population. Most enterprises do not have to focus on the timings of banking operations.

Chandrsekaran &Narayan, 2019 stated Digital payment in India the objectives of the study the various mode of digital payment, to identify the factors motivating the digital payment users, to examine the problems in digital payment services. The data is used on the basis of primary data. The finding of the study is the greater freedom to individuals in paying their taxes, license, fees, fines and purchases at any location per year. Success of digital payment system also depends on the customer preferences, cost etc., Based on conclusion it is clear that the internet is playing a more and more important role in the field of digital payments.



Aathira,2020, stated that” an overview on digital payment methods” the objectives of the study to explore the various digital payment method, analyze the opportunities and challenging in digital payment system. The study is completed based on secondary data. The findings of the study are way to future of digital payments because it makes all financial transactions more transparent and accountable. It is simplest and easier way to make the transactions money all over the world without time consuming. This should be awareness among people.

3. RESEARCH GAP:

From the review of literature it is clear that few studies are carried out with relates to impact of digital payments on consumer, methods of digital payment, impact of Covid-19 on digital payment. However no studies have been carried out with relates to reviews of literature on digital payments.

4. RESEARCH OBJECTIVES:

The objectives for the study are as follows;

1. To know the conceptual framework of Digital payments in India.
2. To analyze the impact of digital payment in India through review of literature.

SCOPE:

The study focused only on literatures related to digital payments in India. The study analyzed the impact of digital payments in India through review of literatures.

5. RESEARCH METHODOLOGY:

The data has been collected for the research paper from secondary sources like articles, research papers and concerned websites.

6. ANALYSIS, FINDINGS & CONCLUSION:

In conclusion, the adoption and proliferation of digital payment systems have fundamentally transformed the financial landscape, offering significant advantages over traditional payment methods. These benefits include enhanced convenience, increased transaction speed and improved security features. Digital payments have also facilitated greater financial inclusion, enabling unbanked and under banked populations to access financial services more readily. However, the transition to digital payments is not without challenges. Issues such as cybersecurity threats, privacy concerns and the digital divide need to be addressed to ensure the equitable and secure use of digital payment platforms. Technology providers must collaborate to create robust regulatory frameworks and innovative solutions that protect users and promote the widespread adoption of digital payments. Overall, the ongoing evolution of digital payments represents a significant step towards a more connected and efficient global economy, highlighting the importance of continuous innovation and regulatory oversight in this dynamic field.

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